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South Africa, Republic of

Citrus

Semi Annual

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Approved by:

Scott Reynolds
U.S. Embassy

Prepared by:

Patricia Mabiletsa

Report Highlights:

We expect South Africa's citrus fruit production in 2006/7 to decrease slightly (-1.2%) from last year to 1.59 million MT. However, the 2007/8 production will increase to return to a more average normal volume of 1.6 million MT. South African citrus producers expect to export 1.06 million MT of fruit, up 9.4% from the low 2005/6 season, thanks to a 39% increase in grapefruit exports.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

We expect South Africa's citrus fruit production in 2006/7 to decrease slightly (-1.2%) from last year to amount to 1.59 million MT. However, the 2007/8, production will increase to return to a more average volume of 1.6 million MT.

In 2006/7, South Africa's local consumption for fresh citrus products is expected to decrease significantly (-18.6%) to 240,000 MT, because of improved quality of fruit for exports and expanded export markets.

Exports are expected to reach 1.06 million MT, a 9.4% increase, largely attributable to a 39% increase of grapefruit volume.

Production

South Africa's citrus production still ranks among the top global producers and exporters of high-quality fresh and processed fruit, following Chile in the Southern hemisphere.

We expect South Africa's citrus fruit industry in 2006/7 total production to be slightly lower than last year (-1.2%), Total production in 2006/7 was divided into areas that resulted in a good yield and other areas at below average to lower volumes.

2005/6 ended with the weakening of the Rand compared to the U.S. dollar, which stabilized the citrus industry after drastic impacts of stronger Rand over the past years.

The South African citrus industry had restructured, which was aimed at increasing efficiency within the supply chain and to position more competitively. It had established the product specific growers groups (for navels, Valencia, lemons, grapefruit, and soft citrus) to handle product specific supply chain issues.

Citrus Biotechnology

South Africa's Citrus Growers' Association established a subsidiary company, River Bioscience that will commercialize innovations, developments, and discoveries arising from the Citrus Research International. The company currently innovated two anti-insect viral products (Cryptogran, and Helicovir) to prevent false codling moth (FCM) and bollworm respectively. It also commercialized the sterile insect technique for FCM through its own subsidiary firm (Xsit).

Other Citrus

South Africa is a member of SHAFPE, which is a Southern Hemisphere cooperation to represent fruit exporters. Other members are Argentina, Australia, Brazil, Chile, New Zealand, Uruguay, and Peru. The objective of the cooperation is to promote trade through WTO's International Plant Protection Convention and its related Sanitary and Phytosanitary (SPS) agreements. In October 21, 2006, SHAFPE held its annual meeting in South Africa, which resulted in an election of a new President, South Africa's Mr. Justin Chadwick, the CEO of the South African Citrus Growers Association, taking-over from Mr. Ronald Bown from Chile.

Production Subcategory

ORANGES

South Africa, Republic of Oranges, Fresh (HECTARES)(1000 TREES)(1000 MT)										
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Planted	43041	43041	43041	40000	40000	40000	40000	40000	40000	(HECTARES)
Area Harvested	38448	38448	38448	38000	38000	38000	38000	38000	38000	(HECTARES)
Bearing Trees	16331	16331	16331	16000	16000	16000	16000	16000	16000	(1000 TREES)
Non-Bearing Trees	1951	1951	1951	2000	2000	2000	2000	2000	2000	(1000 TREES)
Total No. Of Trees	18282	18282	18282	18000	18000	18000	18000	18000	18000	(1000 TREES)
Production	1038	1038	1038	1130	1130	1130	1100	1100	1100	(1000 MT)
Imports	8	8	8	10	10	10	10	10	10	(1000 MT)
Total Supply	1046	1046	1046	1140	1140	1140	1110	1110	1110	(1000 MT)
Exports, Fresh	710	710	710	730	730	725	730	730	750	(1000 MT)
Fresh Dom. Consumption	209	209	210	240	240	261	220	220	210	(1000 MT)
For Processing	127	127	126	170	170	154	160	160	150	(1000 MT)
Total Distribution	1046	1046	1046	1140	1140	1140	1110	1110	1110	(1000 MT)

South Africa, Republic of 60 Degrees Brix Orange Juice (MT)										
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Deliv. To Processors	127000	127000	126000	170000	170000	154000	160000	160000	150000	(MT)
Beginning Stocks	6003	6003	6003	2082	2082	2842	2782	2782	2779	(MT)
Production	14224	14224	14,112	19000	19000	17,248	17900	17900	16,800	(MT)
Imports	637	637	400	700	700	267	700	700	700	(MT)
Total Supply	20864	20864	20515	21782	21782	20357	21382	21382	20279	(MT)
Exports	10782	10782	7,173	11000	11000	7,578	11000	11000	7,600	(MT)
Domestic Consumption	8000	8000	10,500	8000	8000	10,000	8000	8000	10,000	(MT)
Ending Stocks	2082	2082	2,842	2782	2782	2,779	2382	2382	2,679	(MT)
Total Distribution	20864	20864	20515	21782	21782	20357	21382	21382	20279	(MT)

LEMONS

South Africa, Republic of Lemons, Fresh (HECTARES)(1000 TREES)(1000 MT)										
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Planted	4829	4829	4829	4850	4850	4850	4850	4850	4850	(HECTARES)
Area Harvested	2670	2670	2670	3000	3000	3000	3000	3000	3000	(HECTARES)
Bearing Trees	2018	2018	2018	2061	2061	2061	2070	2070	2070	(1000 TREES)
Non-Bearing Trees	1270	1270	1270	1300	1300	1300	1300	1300	1300	(1000 TREES)
Total No. Of Trees	3288	3288	3288	3361	3361	3361	3370	3370	3370	(1000 TREES)
Production	183	183	183	190	190	200	200	200	200	(1000 MT)

Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	183	183	183	190	190	200	200	200	200	(1000 MT)
Exports, Fresh	98	98	98	100	100	100	100	100	110	(1000 MT)
Fresh Dom. Consumption	30	30	31	30	30	21	30	30	20	(1000 MT)
For Processing	55	55	54	60	60	79	70	70	70	(1000 MT)
Total Distribution	183	183	183	190	190	200	200	200	200	(1000 MT)

GRAPEFRUIT**Grapefruit area**

South Africa's grapefruit production is dominated by the Star Ruby variety, which is planted at a total area of about 4,450 Ha. This variety was first planted in Malelane area of South Africa around 1974 (the first true Star Ruby nursery were produced in 1981, and planted on farms in Onderberg area of komatipoort-Malelane) from the 12 seeds that originated from Weslaco, Texas, U.S.A. The first 12 trees, produced about 3 million trees, were uprooted in 1996 because of Tristeza infection. A total of about 7 million cartons of Star Ruby is exported annually, at a turn-over of about R350 million.

South Africa, Republic of Grapefruit, Fresh (HECTARES)(1000 TREES)(1000 MT)										
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Planted	8349	8349	8349	8000	8000	8000	8000	8000	8000	(HECTARES)
Area Harvested	6920	6920	6920	6500	6500	6500	6600	6600	6600	(HECTARES)
Bearing Trees	2657	2657	2657	2500	2500	2500	2500	2500	2500	(1000 TREES)
Non-Bearing Trees	549	549	549	600	600	600	600	600	600	(1000 TREES)
Total No. Of Trees	3206	3206	3206	3100	3100	3100	3100	3100	3100	(1000 TREES)
Production	287	287	287	280	280	280	290	290	290	(1000 MT)
Imports	2	2	2	2	2	2	0	0	0	(1000 MT)
Total Supply	289	289	289	282	282	282	290	290	290	(1000 MT)
Exports, Fresh	223	223	223	137	137	144	220	220	200	(1000 MT)
Fresh Dom. Consumption	4	4	4	10	10	13	10	10	10	(1000 MT)
For Processing	62	62	62	135	135	125	60	60	80	(1000 MT)
Total Distribution	289	289	289	282	282	282	290	290	290	(1000 MT)

Consumption

In 2006/7, South Africa's local consumption for fresh citrus products is expected to decrease significantly (-18.6%) to reach 240,000 MT, because of improved quality of fruit for exports and expanded export markets. Local consumption for all citrus products will generally decrease, by 23% for grapefruit, by about 19.5% for oranges, and by 4.8% for lemons and limes.

Local consumption and processing include annual imported citrus averaging around 10,000 MT, especially for oranges and grapefruit. In 2006/7, expected imported citrus is expected to remain the same as last year, at about 12,000 MT.

Processed fruit figures from all of our stakeholder sources differs significantly, but we averaged it at a decrease of 13.4% to reach 310,000 MT. Processed oranges (mainly Navels and Clementines), is expected to increase by 4%, while lemons (& limes) and grapefruit will decrease significantly by 11.4% and 36% respectively largely because of increasing exports.

Trade

South Africa's 2006/7 exports are expected to recover from the disastrous volume of 2005/6. Exports are expected to reach about 1.06 million MT, a 9.4% increase from last year, largely attributable to the substantial increase of grapefruit volume (39%). In 2005/6, grapefruit decreased massively by about (-35%), as most product scheduled to reach China was denied access upon arrival.

The 2006/7 exports for oranges and lemons are expected to increase by 3.5% and 10%, to amount to 750,000 MT and 110,000 MT respectively.

Trade Subcategory

South Africa, Republic of Oranges, Fresh			
Time Period	Jan-Dec	Units:	MT
Exports for:	2005		2006
U.S.	35,500	U.S.	36,252
Others		Others	
N.Europe	213,000	China	166,761
M.East	113,600	M.East	145,010
S.Europe	78,100	Asia	72,505
U.K.	78,100	U.K.	72,505
Hong Kong	28,400	Canada	65,254
Canada	21,300	Hong Kong	43,503
Total for Others	532,500		565,538
Others not Listed	142,000		119,534
Grand Total	710,000		721,324

2006 = Actual, Source: CGA

South Africa, Republic of Lemons, Fresh			
Time Period	Jan-Dec	Units:	MT
Exports for:	2005		2006*
U.S.	1,017	U.S.	2,984
Others		Others	
M.East	28,556	M.East	36,800
N.Europe	22,648	N.Europe	14,919
U.K.	13,786	U.K.	11,935
S.Europe	10,831	S.Europe	7,957
Hong Kong	4,923	Hong Kong	8,951
Japan	6,893	Russia	4,973
E.Europe	2,954	Japan	2,984
Total for Others	90591		88519
Others not Listed	6,860		7,956
Grand Total	98,468		99,459

2006 = Actual, Source: CGA

South Africa, Republic of Grapefruit, Fresh			
Time Period	Jan-Dec	Units:	MT
Exports for:	2005		2006
U.S.	0	U.S.	0
Others		Others	
Japan	98,120	N.Europe	42,559
N.Europe	64,670	Japan	50,797
U.K.	20,070	U.K.	15,102
S.Europe	17,820	S.Europe	10,983
Far East	6,690	Russia	5,495
Russia	4,460	Far East	2,746
Total for Others	211,830		127,692
Others not Listed	11,170		16,499
Grand Total	223,000		144,181

2006 = Actual, Source: CGA

Policy

Agricultural policies that are expected to impact the fruit industry in 2006/7 are: AgriBee; Tollgates in the Western Cape, Fuel levy in the Western Cape; Agricultural land tax; Minimum wages; The Agricultural Statistical Census; and water issues in the Berg River.

Food safety on Exports

The EU, although South Africa's major export destination, is gradually becoming an expensive market in terms of its stringent emphasize on food safety.

In 2006, the EU178/2002 General Food Law for safety compliance became mandatory for the South African products, and was regulated under the Department of Agriculture's Food Safety System, which also incorporated the CODEX.

In October 2006, the EU food & Veterinary Office toured South Africa to inspect systems that are used to control pesticides on citrus and table grapes.

Policy Subcategory

Fruit Industry Plan

Fruit South Africa presented the Agricultural Minister of South Africa and the Deputy Minister of Trade and Industry with the Fruit Industry Plan in a media session held in Pretoria in April 2007. The Fruit Industry Plan, first drafted in 2004, is based on the framework of the Agricultural Sector Plan, and aims to: ensure equal access and participation of all South Africans, Improve global competitiveness and profitability, and, ensure sustainable resource management.

The plan, drawn by a task-team from all stakeholders, including the governmental organization, is expected for implementation in the near future.

Land Reform

The government is expected to pass legislation this year (2007) that will allow the state to expropriate land from white farmers, in a bid to meet its distribution target of 30% of farm land to black people by 2014. The strategy is expected to acquire 25 million hectares in seven years.

The willing-buyer willing-seller policy, which was implemented in 1994 and resulted in land distribution totaling four million Ha, will be phased out to adopt a new demand-driven strategy. This is expected to produce quicker results. The willing-buyer willing-seller allows for the expropriation of land only for public purposes, such as the construction of public facilities.

The new legislation will be amended by the department of public works, and would be in line with the constitution that permits the expropriation of land to the public interests. Land tax, proposed at a land summit of 2005, is also another strategy that aims at discouraging farmers to keep large tracts of unused land, and would be handled by the provincial and local governments.

AGRIBEE

A local farmer's weekly paper announced that the latest AGRIBEE document is adjusted to a lower exemption level (from R5 million to R1.5 million) and increased ownership levels (from 25.1% to 30%). The farmers are not excited about the new plan, and suggest that it should be revisited, and to be made sector-specific.

Free Trade Agreement (FTA) within the Southern African Development Community (SADC) Area by next year.

SADC is expected to implement its Free Trade Agreement (FTA) by 2008. The first negotiation for the FTA started in 2000. However, the most important challenges were to merge the countries tariff and non-tariff barriers within specific product lines. The current target is to have a zero tariff for about 85% of all intra-regional trade in 2008.

Southern African Customs Union (SACU) FTA

The negotiations for SACU FTA are expected to conclude and for implementation in 2010. The African regional trade also expects common market by 2015 and Monetary Union by 2018.

Marketing

AVERAGE SELLING PRICES

Citrus Type	Oranges	Mandarins	Lemons	Grapefruit
2005				
<i>Domestic Sales (R/MT)</i>	1,112	2,166	1,453	1,444
<i>Exports (R/MT)</i>	1,580	3,881	3,243	2,402
2006				
<i>Domestic Sales (R/MT)</i>	1,084	1,510	1,723	1,489
<i>Exports (R/MT)</i>	2,429	4,051	1,478	1,034

Source: Dept. of Agriculture

GROSS REVENUE PER CITRUS TYPE		
Citrus Type	2005	2006
Oranges	2,195.711	1,493.524
Mandarins	360.476	406.599
Lemons	485.499	205.205
Grapefruit	438.215	285.755
Total	3,479.91	2,391.09

Source: Dept of Agriculture

Marketing Subcategory

Globally, consumers are looking for fruit that are aesthetically pleasing. Exporters are therefore faced with challenges of differentiating their products through either packaging or branding, especially using the South African logo as a trademark.

For more information, please access the following websites:

[Http://www.cga.co.za](http://www.cga.co.za)

[Http://www.nda.gov.za](http://www.nda.gov.za)

[Http://www.gov.za](http://www.gov.za)